

CLASSIFIED MESSAGE

SECRET

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UNIT : C/EE/G/E
EXT : 3294
DATE : 15 DECEMBER 1958

ROUTING			
1	G	4	PP
2	G	5	CC
3	Ch	6	PP
DEFERRED		DEC 16 17 11 58	
X ROUTINE		REC'D CABLE SECT.	
PRIORITY		INITIALS	
OPERATIONAL IMMEDIATE		INITIALS	

TO : FRANKFURT HEADQUARTERS BERLIN BONN

FROM : DIRECTOR

CONF : EE 6

INFO : COP, CCD, CI, CI/OPS, CI/OA, PP 2, PP/PRD,
PP/PYD 2, S/C 2

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Next Review Date: 141010	04771
Auth: 14 OCT 1980	04771
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TO : FRAN INFO BERLIN BONN

CADORY DTLINEN

RE DIR 02494 (OUT 99355) *

1. AFTER CAREFUL CONSIDERATION RELEVANT FACTORS HQS ADHERES POSITION DTLINEN BE TERMINATED BY END FY 59 UNLESS FEDREP NOW INDICATES WILLINGNESS ASSUME FULL RESPONSIBILITY AND MANAGEMENT. AS OF THAT DATE (IF DTLINEN STILL NEEDED THEN).

2. REQUEST STATEMENT ALONG FOLLOWING LINES BE ADDRESSED CAWASH SOONEST: KUBARK DECISION POSTPONE TERMINATION BASED APPRECIATION UNDER PRESENT CIRCUMSTANCES ESSENTIAL MAINTAIN CAPABILITY FOR DTLINEN TYPE PP OPS. HOWEVER, SINCE NOW EVIDENT PROBLEM WILL BE WITH US INDEFINITELY AND SINCE RETENTION DTLINEN ASSETS AS MUCH / IF NOT MORE IN FEDREP INTEREST, KUBARK NOT WILLING DO SO ON ITS OWN AND MUST INSIST CAWASH ASSUME RESPONSIBILITY AND MANAGEMENT AS OF 1 JULY 59. IF CAWASH AGREES, KUBARK OF COURSE WILLING CONTINUE FINANCE DTLINEN PP OPS AGAINST GER AND, IF NECESSARY, PORTION DTLINEN OVERHEAD. KUBARK SUBSIDY WILL CONTINUE UNTIL END PRESENT CRISIS OR UNTIL MUTUALLY AGREED DTLINEN NO LONGER NEEDED. IN RETURN SUBSIDY KUBARK EXPECTS CAWASH COORDINATE ALL POLICY AFFECTING DTLINEN AND LATTER'S

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PP ACTIVITIES. OTHER HAND, IF CAWASH NOT WILLING OR ABLE BECOME RESPONSIBLE FOR AND MANAGE DTILINEN, KUBARK MUST CONCLUDE DTILINEN NOT CONSIDERED WORTHWHILE ASSET AND WILL PROCEED TERMINATION AS PREVIOUSLY SCHEDULED (FAILURE MEET GIVING-NOTICE DEADLINE CAN BE COVERED BY GENEROUS LUMP SUM SETTLEMENT WITH EMPLOYEES IN QUESTION).

3. ONLY FALLBACK POSITION HQS PREPARED CONSIDER IS CONTINUE MANAGEMENT AND FINANCING AS NOW BUT ONLY IF CAWASH ASSUMES FULL RESPONSIBILITY DTILINEN'S CONTINUATION AND ITS ACTIVITIES AND THEN ONLY IF CAWASH WILLING GIVE PARA 3 REF GUARANTEES.

4. BELIEVE CAWASH HAS LITTLE CHOICE AND THUS LIKELY ACCEDE IF MADE CLEAR KUBARK NOT BLUFFING AND GO THROUGH WITH TERMINATION UNLESS POSITIVE REACTION FORTHCOMING SOON. IF NOT, HQS REGRETS NEGATIVE PSYCH CONSEQUENCES AND LOSS ASSETS, BUT RESPONSIBILITY WILL REST SQUARELY WITH FEDREP WHICH SHOULD NOT BE ALLOWED CONTINUE ENJOY "HAVE CAKE AND EAT IT TOO" POSITION.

4. IF CAWASH REACTION NEGATIVE, PARA 4 REF RE SALVAGING DISTRIBUTION ASSETS SHOULD BE EXPLORED, ~~PERHAPS BY TRANSFERING TO PROPOSED JEWELRY CENTER.~~

5. EVEN IF CAWASH REACTION POSITIVE AND UNLESS CAWASH INDICATES THEY

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WISH MAINTAIN ALL DTLINEN ACTIVITIES AFTER CAWASH TAKEOVER, HQS DESIRES
IMPLEMENTATION PARA 5 REF IN COORDINATION WITH CAWASH.

END OF MESSAGE

C/S COMMENT: *CONCERNED TERMINATION OF DTLINEN.

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